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Judges' Retirement System, State of Mont



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JUDGES' RETIREMENT SYSTEM
STATE OF MONTANA
ACTUARIAL INFORMATION REQUIRED UNDER GASB #5
AS OF JUNE 30, 1992

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Hendrickson, Miller
& Associates, Inc.
ACTUARIAL CONSULTANTS

Judges' Retirement System
State of Montana
Actuarial Information Required under GASB #5
As of June 30, 1992

Judges' Retirement System

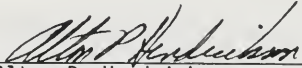
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Judges' Retirement System

Actuarial Certification

This report presents actuarial information required under Statement No. 5 of the Government Accounting Standards Board. The results presented in this report were determined with generally accepted actuarial principles and techniques, and are in compliance with our understanding of GASB #5.


Alton P. Hendrickson
Member, American Academy of
Actuaries



Judges' Retirement System

Section A

Plan Description

- | | | | |
|----|----|-----------------|--------------|
| 1. | A. | Covered Payroll | \$ 2,686,371 |
| | B. | Total Payroll | \$ 2,686,371 |

2. As of June 30, 19 92 statewide membership in the Judges' Retirement System consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	31
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Terminated Employees Entitled to But Not Yet Receiving Benefits	4
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Total Inactives	35
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Current Employees:

Vested	29
Not Vested	14

Total Current Employees	43
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Total Membership	78
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A summary of benefit provisions is attached as Appendix 1, and a summary of the membership can be found in the July 1, 1992 actuarial valuation.

3. Benefit and contribution provisions are established by state law and may be amended only by the State of Montana legislature.

Section B

Related Party Disclosures

Hendrickson, Miller & Associates, Inc. is under contract with the Judges' Retirement System to provide actuarial and consulting services with regard to the retirement plan.

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Judges' Retirement System

Section C

Funding Status and Progress

1. The last actuarial valuation of this system was performed as of July 1, 1992.
2. The following assumptions were used in calculation of the pension benefit obligation:

Rate of Return on Investment of Present and Future Assets - 8%
Projected Salary Increases - Inflation - 6.5%
Projected Salary Increases - Merit - None
Changes in Post-Retirement Benefit - 6.5%

The assumptions used in these calculations are the same as the assumptions stated in the report on the actuarial valuation of the Judges' Retirement System as of July 1, 1992.

3. Actuarial Present Value of Projected Benefits:

Inactives:

Retirees and beneficiaries	\$ 9,660,539	
Other terminated employees	1,510,208	

Total inactives	\$	11,170,747

Current employees:

Accumulated employee contributions	\$ 1,812,497	
Employer financed vested	8,353,284	
Employer financed nonvested	1,173,821	

Total current employees	\$	11,339,602

Total Pension Benefit Obligation	\$	22,510,349
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Net Assets Available for Benefits:

Cost	\$ 15,929,246	
Market	\$ 17,354,405	

Total Unfunded Pension Benefit Obligation	\$	6,581,103
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There were no changes in the actuarial assumptions during the past year

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Judges' Retirement System

Section D

Actuarially Determined Contribution Requirements

And Contributions Made

The Judges' Retirement System funding policy provides for periodic employer and employee contributions at rates specified by state law. The contribution requirement is not actuarially determined; however, an actuary does determine the actuarial implications of the funding requirement in a biennial actuarial valuation. The actuarial method used to determine the implications of the statutory funding level is the entry age normal funding method, with both the normal cost and the amortization of the unfunded accrued liability determined as a level percentage of payroll.

Contributions to the system for the year ending June 30, 1992 were as follows:

	Amount	% of Compensation
Employer	\$ 149,077	5.55%
Employee	174,072	6.48
Court Fees	577,689	21.50
Total	\$ 900,838	33.53%

These contributions are applied as follows:

	Amount	% of Compensation
Normal Cost	\$ 1,105,442	41.15%
Amortization of Unfunded Liability	0	0
Total	\$ 900,838	33.53%

During the past year, no changes were made in the method used to calculate or establish contribution requirements. The change in the law affecting benefits is described in Section C.

Introduction

1. Introduction

2. Theoretical Framework

3. Methodology

The purpose of this study is to investigate the relationship between the independent variable and the dependent variable. The study is designed to explore the underlying mechanisms and to provide a comprehensive understanding of the phenomenon under investigation. The research is based on a theoretical framework that suggests a positive relationship between the two variables. The methodology employed is a quantitative approach, involving the collection and analysis of data from a representative sample of the population. The data is analyzed using statistical techniques to test the hypotheses and to draw conclusions about the relationship between the variables.

The study is organized as follows: Chapter 1 provides an overview of the research, including the purpose, objectives, and significance. Chapter 2 discusses the theoretical framework and the hypotheses. Chapter 3 describes the methodology, including the sample, data collection, and analysis. Chapter 4 presents the results of the study, and Chapter 5 discusses the conclusions and implications for future research.

Chapter 1: Introduction

1.1. Background

1.2. Objectives

1.3. Significance

1.4. Scope

1.5. Limitations

1.6. Organization

1.7. Summary

1.8. Conclusion

1.9. References

1.10. Appendix

1.11. Bibliography

2. Theoretical Framework

2.1. Conceptual Model

2.2. Hypotheses

2.3. Literature Review

2.4. Theoretical Contributions

2.5. Practical Implications

2.6. Summary

2.7. Conclusion

2.8. References

2.9. Appendix

2.10. Bibliography

3. Methodology

3.1. Research Design

3.2. Sample

3.3. Data Collection

3.4. Data Analysis

3.5. Validity and Reliability

3.6. Summary

3.7. Conclusion

3.8. References

3.9. Appendix

3.10. Bibliography

Judges' Retirement System

Section E

Trend Information

	As of June 30		
	1992	1991	1990
Net assets available for benefits as % of PBO	70.8%	69.5%	71.7%
Unfunded PBO as % of annual covered payroll	245.0%	262.6%	231.9%
Employer contributions as % of annual covered payroll	6.00%	6.00%	6.00%

Employer contributions have been made according to state law, and have been determined to be adequate for funding of the system by biennial actuarial valuations, as described in Section D.

Judges' Retirement System

Appendix 1

Summary of Plan Provisions

Employee Contributions -	7% of member's compensation.
State Contributions -	6% of members' compensation.
Court Contributions -	34.71% of member's compensation plus 1/4 of supreme court fees.
Retirement Benefit -	<p>Eligibility: Age 65 and 5 years of service.</p> <p>Normal Form: Life payments with a death benefit equal to the present value of the benefit at retirement less payments made up to the date of death.</p> <p>Benefit: 3.333% of the final compensation for each of the first 15 years of service and 1.785% for each additional year.</p>
Disability Benefit -	<p>Service Disability: 50% of final compensation.</p> <p>Nonservice Disability: If after age 60, then the accrued benefit. If prior to age 60, then the actuarial equivalent of the accrued benefit based on retirement at age 65.</p>
Death Benefit -	<p>Service Death: Accrued benefit commencing at time of death.</p> <p>Nonservice Death: Actuarial equivalent of the accrued benefit based on retirement at age 65.</p>
Termination Benefit -	Prior to 5 years of service, return of member contributions. After 5 years, the member may elect to receive the accrued benefit at age 65.
Benefit Adjustments -	Retirement benefits are increased at the same rate compensation is increased to active members.

